

D.T.E. 01-106

Investigation by the Department of Telecommunications and Energy on its own motion, pursuant to G.L. c. 159, § 105 and G.L. c. 164, § 76 to investigate increasing the penetration rate for discounted electric, gas and telephone service.

VOTE AND ORDER TO OPEN INVESTIGATION

I. INTRODUCTION

The Department of Telecommunications and Energy (“Department”) is committed to increasing the penetration rate for discount programs¹ available to eligible low-income customers for gas, electric and telephone discount service.² In this proceeding, the Department seeks to (1) minimize barriers in determining subscriber eligibility and (2) ensure that eligible customers are enrolled in available discount programs. The Department solicits comments on the effectiveness of current outreach programs and enhancing enrollment procedures for eligible customers.

The purpose of this investigation is to develop efficient and reliable means of verifying customer eligibility for discount programs. The Department wants to evaluate implementing a system where any one utility would qualify and enroll eligible customers for electric, gas and

¹ The discount programs include the “Lifeline Program” which is a local monthly telephone discount service for qualifying customers and the “Linkup Program” which provides qualified customers with a discount on initial connection charges. Gas and electric companies provide a residential discount rate.

² Eligibility for the electric and gas residential discount rate shall be established upon verification of a customer’s receipt of any means tested public benefit program, or verification of eligibility for the low-income home energy assistance program, or its successor program for which eligibility does not exceed 175 percent of the federal poverty level based on a household’s gross income. G.L. c. 164, § 1F (4)(i) and 220 C.M.R. § 14.03 (2A).

Eligibility for the Lifeline and Linkup programs is established upon verification of a low-income customer’s participation in one of five federal programs: Medicaid, Food stamps, Supplemental Security Income (“SSI”), federal public housing assistance, or the Low-Income Energy Assistance Program (“LIHEAP”). 47 C.F.R. § 54.409 (b).

telephone discount service and where electronic access to public benefit program databases would facilitate enrollment. As a result of this investigation, we hope to increase the penetration rate for discount service to eligible customers in a cost-effective manner while minimizing the administrative costs of providing such service.

II. BACKGROUND

In 1978, the Department approved a proposal by Massachusetts Electric Company (“MECo”) to reduce rates for certain elderly low-income customers.³ Massachusetts Electric Company, D.P.U. 19376 (1978). MECo justified the proposal on the grounds that it would improve the company’s image, that there was a national trend towards subsidized rates, and that a customer survey had shown a willingness among customers to help the elderly poor. Id. at 70-75.

Institutional and business customers of MECo challenged the Department’s Order as it related to the plan to recoup the shortfall from all classes of customers. American Hoechst Corp. v. Department of Public Utilities, 379 Mass. 408 (1980). The Supreme Judicial Court affirmed the Department’s Order, holding that “there can be no question that the Department’s jurisdiction over the entire rate structure includes the authority to approve a reduced rate for certain customers.” Id. at 411, citing Boston Edison Co. v. Department of Public Utilities, 375 Mass. 1, 47, appeal dismissed, 439 U.S. 921 (1978). Since the American Hoechst Corp. decision, the Department has ordered utilities to add, in addition to SSI recipients, other clearly

³ MECo proposed a reduced rate for customers over 65 years of age, provided they were the head of household and receive SSI. D.P.U. 19376 (1978).

identifiable low-income customers to the utilities' reduced-rate group.

In 1987, the Department ordered Commonwealth Gas Company ("ComGas"), in its rate case compliance filing, to submit separate tariff sheets for SSI recipients' residential heating and non-heating rates. Commonwealth Gas Company, D.P.U. 87-122 (1987). The Department decided that before it could consider an extension of reduced rates to other low-income customers, it needed more information concerning the appropriate level of the discount and the competing concern of increased bill impacts on nonparticipants Id. at 208. The Department found that in terms of the need of certain residential customers for assistance, there is no basis to distinguish between SSI recipients and other low-income customers Id. at 214. The Department ordered ComGas in its next rate case to address other low-income groups Id. at 216, 217.

In 1988, the Department recognized, as a matter of policy, that electricity is a "basic necessity of life in modern society" and directed Western Massachusetts Electric Company ("WMECo") to implement a reduced low-income rate for low-income residential customers. Western Massachusetts Electric Company, D.P.U. 87-260 (1988).⁴ Following this precedent, the Department found in Boston Gas Company, D.P.U. 88-67, Phase 1 (1988) that gas, like electricity, is a necessity of life and ordered gas utilities to provide a reduced rate to low-income customers.

⁴ The Department ordered the creation of a SSI rate which represented a 35 percent discount. Further, the Department ordered WMECo, in its next rate case, to propose an expanded rate available to a wider group of low-income customers and provide an analysis of the rate impact on nonparticipants. D.P.U. 87-260 (1988).

The Department already requires gas and electric distribution companies to provide discounted rates for low-income customers. G.L. c. 164, § 1(F)(4)(i); 220 C.F.R. § 14.03 (2A). Pursuant to G.L. c. 164, § 1 (F)(4)(i) each electric distribution company is required to conduct substantial outreach and to provide at least an annual report to the Division of Energy Resources (“DOER”) on the activities and results of outreach efforts.⁵ Pursuant to 220 C.M.R. § 14.03 (2A) each gas distribution company shall periodically notify all customers of the availability and method of obtaining service on the low-income rate tariff.

The Lifeline Program is designed to ensure that telephone service is affordable for low-income consumers by providing federal funds to reduce the price they pay for basic local telephone service. 47 U.S.C. § 254(b)(1). In D.T.E. 97-103 (1997), the Department established which carriers are regarded as Eligible Telecommunications Carriers who must provide Lifeline and Linkup service to qualifying customers. In that Order, the Department set the Lifeline discount at \$13.00.⁶ D.T.E. 97-103, at 7. Massachusetts offers the highest Lifeline discount in the country and the Department seeks to ensure that the benefits of this program accrue to eligible subscribers.

The Federal Communications Commission (“FCC”) has encouraged states to adopt Lifeline administrative procedures, including eligibility verification procedures, that are as

⁵ DOER has published guidelines to assist distribution companies in developing effective procedures for identifying eligible households and enrolling them as residential discount rate customers.

⁶ The Lifeline discount is now funded through \$7.85 of federal support, and \$6.00 of state support.

efficient as possible. Universal Service Order, 12 FCC Rcd. at 8976. The FCC observed that New York, among other states, has substantially cut Lifeline overhead by mandating the exchange of computer files between social service agencies, which administer participation in other public assistance programs that constitute Lifeline eligibility. Id.

III. VOTE TO OPEN INVESTIGATION

As discussed above, discount programs have been available to low-income customers for many years. With the advent of competition and new market participants, the Department in this investigation intends to review current programs and explore actions the Department can take to increase subscribership. The Department may expand the range of options available for enrollment procedures. The Department is committed to taking all appropriate steps to bring the benefits of available discount programs to all eligible customers.

In this Order, the Department will investigate outreach efforts and verification procedures. Initially, the Department seeks comments in response to the questions delineated below. After review of the comments, the Department will determine the scope of this investigation and establish a schedule for proceeding with this matter.

IV. SOLICITATION OF COMMENTS

The Department requests comments on the following issues:

- (1) Describe outreach efforts to identify eligible discount customers.
- (2) Describe current procedures used for subscriber eligibility verification and enrollment.
- (3) Discuss whether current subscriber eligibility standards would permit utilities to enroll each other's customers in discount programs.

- (4) Discuss strategies for addressing varying income requirements of public benefit programs.
- (5) Discuss whether utilities could implement a computer matching program to verify subscriber eligibility and enroll eligible customers in discount programs.
- (6) Discuss whether any legal impediment exists to enrolling eligible customers in all available discount programs.
- (7) Discuss privacy concerns related to electronic sharing of financial or other confidential information.

Any persons interested in submitting comments to the Department on the aforementioned issues should do so by 5:00 p.m. on January 24, 2002. One original and 15 copies of all comments should be filed with Mary Cottrell, Secretary of the Department, One South Station, Boston, Massachusetts 02110. In addition to filing comments in writing to the above address, all comments are to be submitted by electronic mail to Michael.Killion@state.ma.us and dte.efiling@state.ma.us. All comments exceeding twenty pages in length must be accompanied by an executive summary of no more than three pages. Comments may not exceed 50 pages in length.

V. ORDER

Accordingly, the Department

VOTES: To open an investigation into increasing participation and enrollment of customers eligible for low-income discount programs; and it is

ORDERED: That within seven days of the date of this Order, each electric distribution company, local gas distribution company, and eligible telecommunications carrier organized and doing business in Massachusetts shall publish the attached notice of the investigation as directed in the Order of Notice attached to this Order; and it is

FURTHER ORDERED: That the Secretary shall serve a copy of this Order by regular mail on each electric distribution company, local gas distribution company, and eligible telecommunications carrier organized and doing business in Massachusetts.

By Order of the Department,

James Connelly, Chairman

W. Robert Keating, Commissioner

Paul B. Vasington, Commissioner

Eugene J. Sullivan, Jr., Commissioner

Deirdre K. Manning, Commissioner

